TO: BONANZA

Form MR SMO (Rowsod March 13, 2007)

This Section for DOGN Use: Assigned DOGM File No	o: \$
DOGM Lead:	
Permit Fee \$	Ck #

STATE OF UTAH **DEPARTMENT OF NATURAL RESOURCES** DIVISION OF OIL, GAS AND MINING

1594 West North Temple Suite 1210 Box 145801

Salt Lake City, Utah 84114-5801 Telephone: (801) 538-5291 Fax: (801) 359-3940

NOTICE OF INTENTION TO COMMENCE SMALL MINING OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1987, and the General Rules as promulgated under the Utah Minerals Regulatory Program.

Small Mini	ng Operations" mining operations which have a disturbed area of five or less surface acres at a	ny time.

GE	NERAL INFORMATION (Rule R647-3-104)	
1.	Name of Mine: NEAL 4	·
2.	Legal name of entity (or individual) for whom the permit is being requested:	
	ZIEGLER CHEMICAL + MINERAL CORP. Mailing Address: 246 N. BROADWAY SUITE 210	
	City State Zip JZRICHO, NZW YORK 11735	
	Phone 516-1281-9100 Fax: 510-621-9109	
	E-mail Address: Cottenezieger econoast.net	
	Type of Business Corporation (LLC () Sole Proprietorship (dba) (Partnership () General or limited)
	Or:	
	Individual ()	
	Entity must be registered (and maintain registration) with the State of Utah, Di of Corporations (DOC) www.commerce.utah.gov. Are you currently registered to do business in the State of Utah? No Entity # 526651 - 0143	vision
	If no, contact www.commerce.utah.gov to renew or apply.	
	Local Business License # 2008227 (if required) Issued by: County DINTAH or City	
3.	Contact Person(s) Name: CATHERINE ZIEGIER Title: VICE PRESIDENT	·
	Address: 943 WOODRIDGE BLUD City, State, Zip: LANCASTER PA 17601	
		-
	Emergency, Weekend, or Holiday Phone: 717 - 725-1006 E-mail Address: Cottoerine 718018 Concast net	$\underline{}$
Contac	et person to be notified for: permitting (surety (Notices () please check a	II that
apply)	RECEIVED	APPROVED
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DIV. OF OIL GAS & MINING

DIV. OIL GAS & MINING

	Name: KOBERT DAVIS TITLE: MINE SUPERINTENDENT
	Address: STAR ROLTE, LITTLE BONANZA
	City, State, Zip: NFRNA1, DTAH 34078
	Phone: 425-789-3595 Fax: 425-789-3593
	Emergency, Weekend, or Holiday Phone: 435-390-4315
	Emergency, Weekend, or Holiday Phone: 435-790-4315 E-mail Address: bob @ Ziegler Chamical. Com
	J
Contactapply)	t person to be notified for: permitting () surety () Notices () (please check all that
	Registered <u>Utah</u> Agent (as identified with the Utah Department of Commerce) (if individual
	Name: MCKEACHNIE LAW OFFICES P.C. GAYLE MCKEACHNE
	Name FICKERCHUIE LAW DEALES F.C. SAYLE INCEERCHME
	Address: 2575 W. HWY 40
	City, State, Zip: VERNAL UTAL SHOTS
	Phone: 435-329-4908 Fax 435-389-4918 E-mail Address: Info@mckeachnie.com
	E-mail Address:
4.	If Business is a Sole Proprietor:
	Name of Owner: Title:
	Business Address:
	City, State, Zip:
	Phone: Fax:
	E-mail Address:
	If Business is a Corporation:
	Name of Officers: GORDON S. ZIEGLER JR Title: PRESIDENT
	CATHERINE SIEGLER TITLE VICE PRESIDENT
	Title:
	Title:
	Headquarters Address 3100 N. BROATWAY SUITE 210
	City, State, Zip: 1=RICUA NV. 11753
	Headquarters Phone 5112-(22)-91000 Fax: 51(0-122)-1009
	E-mail Address: calmoneziegler@concast.net
	
	If Business is a Limited Liability Company: Member Managed Manager Managed
	Name of 1 st Member/Manager: N/A Title:
	Business Address:
	City, State, Zip:
	Phone: Fax:
	E-mail Address:
	Name of 2 nd Member/Manager: N/A-
	Business Address:
	City, State, Zip: Fax:
	E-mail Address:
	If Business is a Partnership:
	Name of Partner: N/A Business Address:
	City, State, Zip:
	Phono: Fay:
	E-mail Address: APPROVE
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Name_SIT_A- STATE TRUST LANDISA	CHOOL SECT.
Name	2 2
Name	Address Shc. WT 84102
Name	
Ownership of Minerals:	
•	
Private (Fee) Public I	Domain (BLM) ■ National Forest (USFS) ■
State Trust Land/School Se Other (please describe):	State Sovereign Lands
Other (please describe)	<u> </u>
Name_SITLA	Address THS R24E SEC 32
Name TRUSTLANS	Address 1 1075 E SOOS Suite S
Name	_ Address SLC UT 94102
Name	Address
D114	Number(s) and/or USFS assigned Project Number(s)
BLM Lease of Project File	▲
	N/A
BLM Claim Numbers	N/A
Utah State Lease Number	s): ML 49730 OBA
	GLER CHEMICHL & MINERAL CO
Name of Lessee(s)	
Have the above surface a	and mineral owners been notified in writing?
Yes	No
16 a.a h	
IT NO. WINV DOT!	

Please be advised that if State Trust Lands are involved, notification to the Division of Oil, Gas and Mining alone does not satisfy the notification requirements of Mineral Leases upon State Trust Lands. Exploration or mining activity on State Trust Lands requires a minimum of 60 days notice to the Trust Lands Administration prior to commencing any activities. Please contact the School Institutional Trust Lands Administration (SITLA) at (801) 538-5508 for notification requirements.

8.	Does the Entity have legal right to enter and conduct mining operations on the la			
	covered by this notice?	Yes	No	

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ì.	PROJECT LOCATION & MAP (Rule R647-3-105)
1.	Project Location (legal description):
	County(ies):
	SW 1/2 of SE 1/4, of NE 1/4: Section: 32 Township: 11 S Range: 24 E 1/4, of 1/4. of 1/4: Section: Township: Range: 1/4, of 1/4: Section: Township: Range:
	UTM East(if known) UTM North(If known)
	Name of Quad Map for Location: ARCHY BENCH SE QUADRANGLE + RAINBOW QUAD.
2.	Location and Operations maps must be plotted at a scale to accurately identify locational landmarks and operations details. All maps must include a north arrow, scale, appropriate labels, and title box including the mine name, township, range and section. a. The general location map must be the scale of a USGS 7.5 minute series map or equivalent (1"=2000') and identify new or existing access roads. b. The operations map (1"=200' or other scale as determined necessary by the Division) must be labeled and identify: i. The area to be disturbed; ii. The location of any existing or proposed operations including access roads, drill holes, trenches, pits, shafts, cuts, or other planned activities; and iii. Any adjacent previous disturbance for which the operator is not responsible. (Contact the Division for a list of consultants and land surveyors for mapping assistance.)
3.	The proposed (5 acre or less) disturbed area (including access/haul roads) should be marked in the field ON THE GROUND with metal T-Posts (or with some other marker of equal effectiveness). Markers should be appropriately spaced so that the next marker in either direction is clearly visible with the naked eye.
111.	OPERATION PLAN (Rule R647-3-106)
1.	Type of mining: Surface Underground
2.	Mineral(s) to be mined: GILSON ITE
3.	Amount of material to be extracted, moved, or proposed to be moved:
4.	Will any water, liquid chemicals, reagents, or other solutions be used, produced or discharged as part of the mining or milling process? Yes If yes, please describe (add extra pages if needed)
5 .	Provide a brief description of the proposed mining operation and onsite processing facilities (add extra pages if necessary).

- 6. New Road(s): Length 1200 (ft) Width 16 (ft)
- 7. Improved Road(s): Provide a description of the improvements that need to be made to existing roads to access the site, including the Length (ft) and Width (ft) of Improvements.
 - 8. Total project surface acreage to be disturbed: __9367(acres) PLEASE SPECIFY EXACT ACREAGE (this will be used to determine surety bond amount see #VI).
 - 9. Proposed startup date (month, year)

October 1, 2008 GRAGAF

10. Proposed completion date, if known (month, year)

DozmB2R31, 2012

IV. OPERATION AND RECLAMATION PRACTICES (Rule R647-3-107, 108 & 109)

The reclamation and operation obligation is to keep the area clean and safe, minimize hazards to public safety, return the land to a useful condition, and reestablish at least 70 percent of the premining vegetative ground cover. To accomplish this, the Permittee / Operator will need to perform reclamation concurrently, or at the completion (within one (1) year) of mining. Please refer to The Practical Guide to Reclamation in Utah, available at www.ogm.utah.gov.

- 1. Keep the mining operation in a safe, clean, and environmentally stable condition.
- 2. Permanently seal all shafts and tunnels to prevent unauthorized or accidental entry.
- 3. Plug drill holes with a five foot cement surface plug. Holes that encounter fluids are to be plugged in the subsurface to prevent aquifer contamination.
- 4. Construct berms, fences, or barriers, when needed, above highwalls and excavations.
- 5 Remove, isolate, or neutralize all toxic materials in a manner compatible with federal and state regulations.
- 6 Remove all waste or debris from stream channels.
- 7. Dispose of any trash, scrap metal, wood, machinery, and buildings.
- 8. Conduct mining activities so as to minimize erosion and control sediment.
- 9. Reclaim all roads that are not part of a permanent transportation system.
- 10. Stockpile topsoil and suitable overburden prior to mining.
- 11. Stabilize highwalls by backfilling or rounding to 45 degrees or less, where feasible, reshape the land to neer its original contour, and redistribute the topsoil and suitable overburden.
- Properly prepare seedbed to a depth of six inches by pocking, ripping, discing, or harrowing. Leave the surface rough.
- 13. Reseed disturbed areas with adaptable species. (The Division recommends a mixture of species of grass, forb, and browse seed, and will provide a specific species list if requested.)
- Plant the seed with a rangeland or farm drill, or broadcast the seed. Fall is the preferred time to seed.

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V. VARIANCE REQUEST (Rule R6	47-3-110)
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Any variance request must be approved in writing by the Division

Any planned deviations from Rules R647-3-107, Operation Practices, R647-3-108, Hole Plugging Requirements, or R647-3-109, Reclamation Practices, as summarized above (see IV. Operation and Reclamation Practices Item # 1-14), should be identified below listing applicable rule number. Give justification for the variance(s) and alternate methods or measure to be utilized. Written approval from the Division will be given, if the proposed alternative methods to be used are consistent with the Act.

	N/A	
iem#	Applicable Rule # (I.c. R647-3-109.10 (If you did not want trenches & pits reclaimed)	
Justification: _		
Alternate metho	ds or measure to be utilized:	
		_
2 nd Variance Re	quested	
	NA	
Item#	Applicable Rule #	
Alternate metho	ds or measure to be utilized:	
3 rd Variance Re	nuested	
5 Variance Ne	N/A	
Item#	Applicable Rule #	
Justification:		
	ods or measure to be utilized:	

VI. SURETY (Utah Code Ann. §40-8-7(1)[c])

A reclamation contract and surety must be provided to and approved by the Division prior to commencement of operations. All mining operations are required to furnish and maintain reclamation surety to guarantee that the land affected is reclaimed (Utah Code Ann. §40-8-7(1)[c]).

The reclamation surety amount is based on the nature, extent and duration of operations. The amounts are based on data from current large mine surety and are used as a general guide, along with actual site conditions. Reclamation surety for small mines is reviewed every three (3) or five (5) years and adjusted as necessary for inflation/deflation based upon acceptable Costs Index. Contact the Division for the dollar amount required for a three (3) or five (5) year period for this project.

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Ziegler Chemical & Mineral Corp proposes to remove Gilsonite from two (2) mines located in ML-49730 OBA. This lease is located in Section 32, T11S, R24E in Uintah County, Utah. The lease includes the following described lands:

The Neal #3 mine is located in the N $\frac{1}{2}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$ of section 32, and the Neal #4 mine will be located in the SW $\frac{1}{2}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$ of section 32. The Neal #4 will be located approximately 1800 feet to the northeast of the Neal #3.

In order to supply the quality and quantity of Gilsonite requested by our customers, ZCMC would like to re-commence mining operations immediately upon approval of this mine plan.

Approximately 1800 feet from the present mine opening to the northeast the Neal #4 mine location will be built to provide for an escape route 300 feet from the main shaft along the strike of the vein. An ore bin and airlift system will be installed at the mine shaft to remove ore from the mine. ZCMC will place a derrick and hoist for the raising and lowering of men and materials.

The normal workforce would include two underground miners, one hoist man at the surface and on occasion one timber man. If demand increases more crews will be put in place to meet our customer's needs. The ore mined will reach the surface in an ore bin, from which it will be loaded into covered trucks and transported to ZCMC facilities at Little Bonanza.

The new road will be approximately 1800 feet long by 16 feet wide. Due to the grade of the terrain construction of this road will require cut and fill. In addition, an area 120 feet by 100 feet will be leveled by cut and fill at the location of the Neal #4 hoist house and compressor shed. The total new disturbed area will be about .93 acres.

A portal will be built at the entrance of the Neal #4 mine to facilitate entry and exit of men and equipment. At the Neal #4 mine, a concrete collar approximately 18 x 4 feet will be constructed at the surface to stabilize the shaft opening. All openings in the ground (shafts and escape ways) would be fenced with chain link fencing. All enclosures APPROVED

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would have gates with locks to provide a first line of security. Sufficient area inside the fenced area would be maintained for ingress and egress. The gates would be locked when the mine is not in operation. Signs will be placed in order to warn the public of mining operations.

A number of facilities other than the opening for the mine shaft and escape ways would be located on the surface, including:

- A hoist house and head frame to raise and lower the conveyance in the shaft at Neal #4.
- A 25-30 ton ore bin for the storage and loading of Gilsonite will be located on each mine site.
- A dust collector will be placed on the top of each storage bin to remove dust from the airlift system.
- Airlift fans will be installed on pad next to each head frame. These fans are designed to lift ore to the surface through a 12-inch pipe in the utility shaft.
- A compressor shed, for the diesel-powered compressor.
- Electricity to supply power to the hoists, compressor and fans would be provided by a diesel generator.

Top soil from disturbed areas would be stored in piles in the immediate vicinity of the area from which it will be removed. The topsoil pile will be seeded to stabilize it for future reclamation use.

A small waste rock pile. It is anticipated that very little waste rock would be produced. Only the Gilsonite would be extracted from the vein.

No water would be used in the mining operation. Any underground water encountered will be handled in accordance with federal water regulations and requirements.

Three Ansul 20-pound fire extinguishers would be on hand: two in the hoist house, and one by the compressor. All rules and regulations regarding fire prevention would be strictly adhered to. If a fire grows so large that is cannot be controlled with fire Extinguishers, Deseret Generation and Transmissions fire crew will be called to assist in fighting the fire. Uintah County/Vernal City will also be called as back up. If an under ground fire occurs, the mine would be sealed. In order to prevent and underground fire, the following precautions will be taken:

- All combustible materials including vegetation will be kept away from mine openings;
- Fire retardant paint will be put on all timber used in mine openings;
- No electrical equipment will be used underground; and
- Smoking and smoking materials will be prohibited underground.
- There will not be any explosives stored at the mine site.

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Miners will be instructed to maintain a clean camp and to report any unusual activities that could be detrimental and/or unlawful. In order to minimize impacts to the environment from personnel involved in mining activities, employees would be subject to the following regulations:

- No open fires of any kind except in approved buildings in approved stoves or furnaces
- No illegal harassing or shooting of wildlife.
- No trash left in any unauthorized place.
- No unnecessary off-road driving.
- No collecting of plants.

For safety and mine efficiency, mobile telephone communications will be maintained between the mine and the Ziegler office in Little Bonanza.

All garbage and solid wastes (other than wasted rock) will be placed in covered 55 gallon cans then taken to a dumpster, located on ZCMC property. A toilet will be located at the mine site for use by ZCMC personnel. A 10 foot deep pit will be dug underneath the toilet facility to accommodate sewage, which will be allowed to decompose in —situ.

When the mineshafts and escape ways are ready for closure, final designs would be submitted to the Division before seal construction. The collar and other structures will be removed. The mine openings will be sealed with 18 inch thick concrete reinforced with rebar placed on 12 inch centers. If the seal is to be in an exposed rock outcrop, the top of the seal will be constructed to conform to the contour of the outcrop and will be no higher than the adjacent rock. The bottom of the seal would be placed on bedrock. If the seal is location where soil would cover the seal, the bottom of the seal will be placed on bedrock and covered with a minimum of 4 feet of topsoil.

Upon completion of mine operations, all machinery, equipment and debris would be removed from the site. The site would be graded to conform as closely as possible to premining conditions. The reclaimed area will be scarified, and re-vegetated with a seed mixture approved by D.O.G.M.

Bob Davis

Mine Superintendent

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